CONFIDENTIAL

Pet 15-2 Libya E

Classification

DEC 17 23

229809

Department of State

TELEGRAM

EXCISE

194

DISTRIBUTION

ACTION: US MISSION OECD PARIS
Amembassy THE HAGUE
Amembassy BONN
Amembassy ROME
Amembassy PARIS
Amembassy TOKYO
Amembassy MADRID

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 6/23/88
PORTIONS DENIED AS INDICATED

INFO: EC
US MISSION ~~EEC BRUSSELS~~
USINT ALGIERS
Amembassy BEIRUT
AmConGen DHAHRAN
Amembassy CARACAS
Amembassy LAGOS
Amembassy KUWAIT
Amembassy MANAMA
Amembassy JIDDA
Amembassy TEHRAN
Amembassy ~~LONDON~~ All other OECD Posts

CIRCULAR TEL

Pet 15-2 Libya

STATE:

SUBJECT: Oil: Nationalization of BP Libya

REF: State 224928 NOTAL

1. [redacted]

B.1

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
ORF:FSE:GSBrown:led	12/20/71	20681	E - Julius L. Katz

ARANCES:
EUR/BMI - JGriffith
~~EUR/RRE - xxxxxxx~~
NEA/IRN - JMiklos
NEA/ARP - JTwinam
AF/N - HOdell
E/ORF/ICD - JKyle
EUR/RPE - FKinnelly
U - BSCuster, Jr.
S/S- Mr. Miller
D - Mr. Samuels

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RM 68 DS-322

DISTRIBUTION

ACTION:

2. [redacted]

B1

B1, ED, EE

[redacted]

We believe that consuming nations can best assure their long-term interest in stable and reasonably priced petroleum supplies through support of viable relationship between oil companies and producing states. If Libyan nationalization and marketing of nationalized BP oil condoned by OECD states, result would be to magnify negotiating and price-fixing power of producing nations.

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:

CLEARANCES:

DISTRIBUTION

ACTION:

If countries were to accept Libyan-marketed oil, they might gain short run price advantage for XX relatively small quantities available from ex-BP concession, but future cost likely to be increased ability of producers to dictate price, and greater insecurity of supply.

3. OECD governments should be aware we [redacted] do not plan any public press statements.

B-1, ED

4. FOR XX JIDDA, KUWAIT, TEHRAN, AND DHAHRAN [redacted] If host governments ask you [redacted] about USG position on BP nationalization you are authorized state that we trust they share our regret that oil should be used as political weapon in this or any other case. END

B-1, ED

ROGERS

AFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:

EARANCES: